

HELPING THE TOURISM INDUSTRY RECOVER

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The devastation and trauma of September 11 rocked many U.S. industries, perhaps none more than travel and tourism.

While the data shows that international tourism to the United States had already been slowing, the attacks gave further reason for international visitors to stay home. The Bush administration and industry increased their efforts to allay the fears of travelers. The Department of Commerce's latest international travel forecast indicates that these efforts seem to be working, as the U.S. travel and tourism industry shows signs of steady improvement well into 2005.

Travel and tourism is a driving force behind the United States' economy. It is the third-largest retail sales industry and generated \$545 billion in direct spending in 2001. The industry supported 7 million American jobs in 2001 and created \$94 billion in tax revenue for federal, state, and local governments in 2000. In addition, travel and tourism represents the top services export for the United States and produced a travel trade surplus of nearly \$9 billion in 2001.

However, data collected by the Department of Commerce shows that

in 2001, international travel to the United States dropped by 11 percent and tourism spending fell by 12 percent. Most of these losses were incurred immediately following September 11. In addition, the travel trade surplus declined by 38 percent. And while state and city figures for 2001 are not yet in, Commerce predicts that destinations that rely on air travel and states whose visitors have to travel from longer distances will be most hurt. Destinations with heavy reliance on business travelers will also see deep declines.

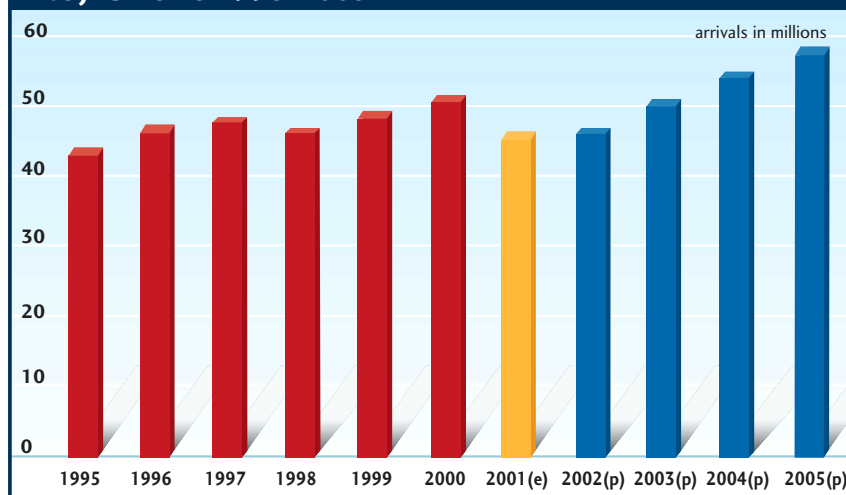
But there is good news. According to recent figures released by the

Department of Commerce, international travelers are beginning to return to the United States. Commerce's semi-annual *Forecast of International Travel to the United States* shows a recovery to the record visitation levels of 2000 by 2004 and real growth in 2005.

The key markets responsible for an improved long-term forecast are our neighbors, Canada and Mexico. The number of visitors from these markets is expected to grow by 35 and 26 percent, respectively, between now and 2005.

Europe is also expected to rebound by 2003, especially as its economy

INTERNATIONAL ARRIVALS TO THE UNITED STATES AND PROJECTIONS 1995-2005



Source: U.S. Department of Commerce; Secretaria de Turismo (Mexico); Statistics Canada
e = preliminary estimate; p = projection; One or more nights.



strengthens. Total visitor arrivals to the United States were down 19 percent in 2001, but arrivals should bounce back with 10 percent growth in 2003.

The strength of the European recovery is with the top market, the United Kingdom, which will maintain its new lead position over Japan as the top overseas source market. Japan was consistently the top source of international visitors to the United States until 2001, and in fact it has been the top source for 28 of the last 30 years. However, Japan is forecasted for weak growth this year. Economic improvements are anticipated, and Japan should see an overall increase of 23 percent over the 2001 levels by 2005. A recovery of Asian travelers in general is expected to be slow, with the exception of South Korea, Taiwan, and China, which are forecasted to rebound much more rapidly.

ENCOURAGING RECOVERY

The tourism industry's overall forecasted recovery can be attributed in large part to the administration's immediate response to the drop in tourism following September 11. Recognizing the potential devastating affects to the U.S.

economy, President Bush wasted no time securing our airports and skies. His actions hammered home the message to Americans and people around the world that it is safe to travel to and within the United States.

In addition, Secretary Evans responded to the need to spur travel to the United States by reconvening the Tourism Policy Council (TPC) soon after September 11. The TPC coordinates national policies and programs related to travel and tourism, recreation, and national heritage resources that involve federal agencies. The TPC also provides a forum to ensure that U.S. government agencies work together to enhance consumer confidence in the safety and security of travel, while taking into account the needs of tourists and business travelers.

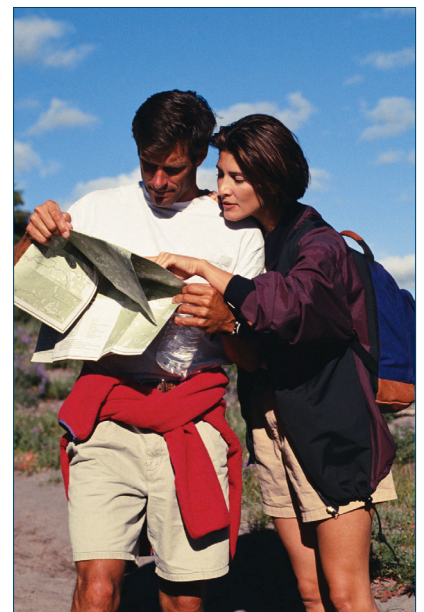
Over 15 federal agencies participate in the TPC meetings where testimony is heard regularly from industry and local government representatives. Through the TPC, issues of concern to all federal agencies that have a role in domestic and international travel and tourism policies can be addressed. The TPC has also

been an effective way for agencies to discuss the impact of new security initiatives, especially on international visitors.

COLLABORATING WITH TOP MARKETS

Secretary Evans has also been a leader in bringing international travelers back to the United States. This has been especially important in markets like Japan, where declines in travel to the United States have been devastating. In 2001, Japanese visitor levels fell from 5 million to 4 million, amounting to a total loss of \$2.3 billion in revenue or exports for the United States from Japanese spending to visit the country.

In an effort to reassure Japan that it is safe to travel to the United States, Secretary Evans hosted a Japanese tourism delegation earlier this year. The Japanese vice-minister for international affairs, Ministry of Land, Infrastructure and Transport, led the delegation. Accompanying him were the heads of Japan's airlines and major travel and tourism industry businesses. During the visit, Secretary Evans highlighted the changes that have been made in this country since September 11 to ensure the safety and security of all travelers. It was this visit that laid the groundwork for an important new partnership between the U.S. and



Japanese governments and our respective travel and tourism industries.

On April 19, in Tokyo, Secretary Evans and Minister Oogi of Japan's Ministry of Land, Infrastructure and Transport signed a memorandum of understanding between our two nations. Evans called the signing a "milestone event" for the travel and tourism industries in the United States and Japan. The signing was witnessed by Japanese Prime Minister Koizumi and U.S. Ambassador to Japan Howard Baker.

The memorandum formalized the Tourism Export Expansion Initiative, which established a public-private partnership to recover and expand the travel and tourism traveler base between the United States and Japan over the next five years. The council will be led by Secretary Evans and Minister Oogi or their designees and co-chaired by John Marriott III,



executive vice-president of Marriott Corporation, and George Kirkland, president of the Los Angeles Convention and Visitors Bureau. They will work with their counterparts in Japan on this council.

In an effort to replicate this memorandum of understanding, the Department of Commerce has formulated a key markets strategy, which focuses attention on the top five markets for overseas visitors, namely, Japan, the United Kingdom, Germany, France, and Brazil. Canada and Mexico, as they rank first and second as source markets for international visitors, will also be a part of the key markets strategy in the future. In addition, policy missions, collaborative research, and intensified attention will be generated to help reinvigorate these key source markets for travel to the United States.

While travel and tourism to the United States has indeed suffered, the Bush administration has proven its commitment to the recovery and growth of this vital industry. This administration is determined to ensure that travel to the United States is safe and secure. We will continue to work to welcome visitors back to our country and see to it that the U.S. travel and tourism industry flourishes for years to come. ■

For more information on the U.S. travel and tourism industry, visit <http://tinet.ita.doc.gov>.

ESTIMATES AND PROJECTIONS OF TRAVEL TO THE U.S.

(in thousands)	2001e	2005p	2005p/2001e % Change
EUROPEAN TRAVEL			
U.K.	4,199	5,464	30%
Germany	1,347	1,698	26%
France	935	1,201	28%
Italy	491	621	27%
Netherlands	432	571	32%
Europe Total	9,815	12,210	24%
ASIA PACIFIC TRAVEL			
Japan	4,124	5,064	23%
South Korea	627	852	36%
Australia	445	581	31%
China/Hong Kong	406	551	36%
Taiwan	362	481	33%
Philippines	181	228	26%
New Zealand	158	212	34%
Thailand	74	93	26%
Asia-Pacific Total	6,377	8,062	26%

Source: U.S. Department of Commerce.

Some variance in data may occur due to rounding e = preliminary estimate; p = projection.